

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05
SS-15 STR-04 CEA-01 L-03 H-01 PA-01 PRS-01 /094 W
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R 261822Z MAY 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8605
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION USBERLIN
USMISSION NATO
USNMR SHAPE
AMCONSUL FRANKFURT
AMCONSUL MUNICH
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL HAMBURG
AMCONSUL STUTTGART
CINC USAFE RAMSTEIN
CINC USAREUR HEIDELBERG
CINC EUR VAIHINGEN

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DEPARTMENT PASS TREASURY, FRB AND CEA

E.O. 11652: N/A
TAGS: ECON, EFIN, GW
SUBJECT: CABINET DECIDES TO EXTEND PROGRAMS BENEFITTING
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CONSTRUCTION INDUSTRY AND LABOR MARKET

1. AT ITS MAY 25 MEETING, THE CABINET AGREED ON ECONOMIC MEASURES THAT WILL LARGELY HAVE THE EFFECT OF EXTENDING CONSTRUCTION SUBSIDY AND LABOR PROGRAMS THROUGH 1978 THAT OTHERWISE WOULD HAVE EXPIRED THIS YEAR. NOTHING OF A MAJOR NATURE SEEMS INVOLVED.

2. THE FRG HAS HAD FOR SEVERAL YEARS A LONG-TERM "REGIONAL PROGRAM" WHEREBY SUBSIDIES ARE PROVIDED FOR HOUSING CONSTRUCTION IN DEPRESSED AREAS. THE FEDERAL BUDGETS OF THE PAST SEVERAL YEARS HAVE PROVIDED OBLIGATIONAL AUTHORITY OF DM 2.2 BILLION ANNUALLY FOR THIS PURPOSE. THIS PROGRAM WAS DUE TO EXPIRE THIS YEAR, BUT BY VIRTUE OF YESTERDAY'S CABINET DECISION, WILL BE EXTENDED THROUGH 1978 FOR THE SAME AMOUNT, IE., DM 2.2 BILLION. IT SHOULD BE MADE CLEAR THAT THE AMOUNT APPEARING AS OBLIGATIONAL AUTHORITY IS NOT THE AMOUNT PAID OUT IN THAT YEAR, BUT RATHER IT IS PAID OUT OVER THE COURSE OF TWELVE YEARS. THE PAST RECORD INDICATES THAT OBLIGATIONAL AUTHORITY LIMITS HAVE NEVER BEEN REACHED AND THAT IN FACT THE PROGRAM HAS BEEN A VERY SLOW-MOVING ONE INDEED.

3. THE CABINET ALSO DECIDED THAT THE OBLIGATIONAL AUTHORITY FOR 1977 UNDER THE "REGIONAL PROGRAM" SHOULD BE INCREASED BY DM 1.5 BILLION. THE GOVERNMENT CLAIMS THAT THIS WILL PROMOTE THE CONSTRUCTION OF AN ADDITIONAL 30,000 DWELLINGS. OUR CONTACTS IN THE FINANCE MINISTRY TELL US THAT THERE WILL, IN FACT, PROBABLY BE NO ADDITIONAL OUTLAYS IN 1977 AS A RESULT OF THIS PROGRAM BUT ONLY PERHAPS SOME IMPACT ON ORDERS. FURTHER, WE ARE TOLD, THAT THERE PRESENTLY EXISTS IN THE FRG AN INVENTORY OF APPROXIMATELY 200,000 NEW, VACANT DWELLINGS COMPLETED BUT NOT SOLD OR RENTED. COMMENT: GIVEN THE PAST RECORD OF LIMITED OFFICIAL USE

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UNDERUTILIZATION OF THE EXISTING OBLIGATIONAL AUTHORITY, IT CANNOT BE CERTAIN WHAT REAL EFFECT THIS MEASURE WILL HAVE.

4. APPARENTLY AGREED TO AT THE CABINET MEETING (ECONOMICS MINISTRY FRIDERICH'S ACCORDING TO SOME REPORTS DISSENTED) WERE LABOR MARKET MEASURES ADDING UP TO A COST OF DM 500 MILLION TO BE SHARED APPROXIMATELY 50/50 BY THE FEDERAL GOVERNMENT AND THE FEDERAL EMPLOYMENT AGENCY (BAA). THIS ACTION WAS TAKEN BY THE CABINET, WE WERE TOLD, SINCE AT THE END OF MAY AN EARLIER LEGISLATED LABOR PROGRAM WAS DUE TO EXPIRE WHICH PROVIDED FOR, AMONG OTHER THINGS, MOBILITY ALLOWANCES FOR UNEMPLOYED WORKERS MOVING TO NEW AREAS TO FILL JOBS. SINCE DM 100 MILLION WAS LEFT OVER AS UNUSED FROM THIS PROGRAM, IT WILL BE ADDED TO THE FOLLOW-ON DM 500 MILLION PROGRAM WHICH WILL RUN FROM JUNE 1, 1977 THROUGH 1978. THE NEW PROGRAM WILL CREATE JOBS IN HOSPITALS, OLD PEOPLE'S HOMES AND THE

FEDERAL EMPLOYMENT OFFICE (1,600 NEW POSITIONS), AMONG
INSTITUTIONS, AND WILL BE AIMED AT WHITE COLLAR WORKDERS,
OLDER AGE GROUPS AND THE PROVISION OF PARTTIME JOBS
FOR WOMEN.
STOESSEL

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Message Attributes

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Copy: SINGLE
Sent Date: 26-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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